

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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**CONTENTS**

Five Year Financial Review.....	1 - 2
Management’s Responsibility for the Consolidated Financial Statements .....	3
Independent Auditor’s Report .....	4 - 6
Consolidated Statement of Financial Position.....	7
Consolidated Statement of Operations .....	8
Consolidated Statement of Changes in Net Financial Assets.....	9
Consolidated Statement of Cash Flows .....	10
Notes to the Consolidated Financial Statements.....	11 - 24
Schedule 1 ▶ Continuity of Reserves and Reserve Funds.....	25 - 26
Schedule 2 ▶ Tangible Capital Assets.....	27 - 28
Independent Auditor’s Report ▶ Trust Funds.....	29 - 31
Trust Fund ▶ Statement of Financial Position and Statement of Financial Activities.....	32
Trust Fund ▶ Notes to the Financial Statements.....	33

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**County of Frontenac  
Consolidated  
Financial Statements  
December 31, 2020**

**County of Frontenac**  
**Five Year Financial Review**  
(not subject to audit)

December 31	2020	2019	2018	2017	2016
<b>Population</b> (Statistics Canada)	<b>26,677</b>	26,677	26,677	26,677	26,677
<b>Number of Households</b> (MPAC)	<b>19,761</b>	19,668	19,588	19,461	19,358
<b>Taxable Assessment</b> (000's)					
	\$	\$	\$	\$	\$
Residential	<b>5,639,914</b>	5,489,065	5,351,072	5,229,875	5,274,145
Multi-residential	<b>6,532</b>	6,287	6,006	5,697	5,416
Commercial	<b>54,316</b>	52,569	50,325	49,096	48,787
Industrial	<b>19,428</b>	18,118	16,468	15,368	13,117
Farmland	<b>229,602</b>	204,987	180,121	153,079	130,330
<b>Total</b>	<b>5,949,792</b>	5,771,026	5,603,992	5,453,115	5,471,795
<b>Rates of Taxation</b>					
▸ residential (municipal)	<b>0.186451</b>	0.182728	0.178446	0.175201	0.166857
▸ multi-residential (municipal)	<b>0.186451</b>	0.182728	0.178446	0.175201	0.166857
▸ commercial (municipal)	<b>0.186451</b>	0.182728	0.178446	0.175201	0.166857
▸ industrial (municipal)	<b>0.186451</b>	0.182728	0.178446	0.175201	0.166857
<b>Revenues for County Purposes</b> (000's)					
	\$	\$	\$	\$	\$
▸ Taxation	<b>10,855</b>	10,354	9,823	9,400	9,041
▸ Government transfers	<b>31,409</b>	28,882	27,087	25,304	24,619
▸ Other	<b>5,533</b>	5,471	5,299	5,310	4,948
▸ Revenues related to capital assets	<b>626</b>	295	11	444	746
<b>Total</b>	<b>48,423</b>	45,002	42,220	40,458	39,354
<b>Expenditures</b> (000's)					
▸ Operations	<b>44,464</b>	42,606	40,597	38,698	38,642
▸ Amortization	<b>1,742</b>	1,701	1,616	1,576	1,420
<b>Net Financial Assets (Net Debt)</b>					
▸ % of Operating Revenue (>(20%))**	<b>30.89%</b>	23.54%	18.16%	15.80%	13.00%
▸ % of Taxation (>(50%))**	<b>136.32%</b>	101.65%	78.02%	67.25%	55.52%

\*\* Represents the Provincial Low Risk Indicator.  
(Note: All dollar amounts are in thousands of dollars.)

**County of Frontenac**  
**Five Year Financial Review**  
(not subject to audit)

December 31	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
<b>Long Term Debt</b>					
▶ Net long term debt (000's)	2,522	3,847	5,093	6,265	7,368
▶ Long term debt charges (000's)	1,528	1,528	1,528	1,528	1,528
▶ Total annual repayment limit (000's)	2,040	2,309	2,236	2,194	2,092
▶ Long term debt per household (Frontenac portion)	83	83	83	83	83
▶ Debt charges (000's)					
▶ tax supported	334	334	334	334	334
▶ City of Kingston	711	711	711	711	711
▶ Government of Ontario	483	483	483	483	483
<b>Municipal Equity (000's)</b>					
▶ Surplus and Reserves	17,863	14,777	13,103	12,889	12,770
▶ Invested in capital assets	20,299	19,412	18,679	17,261	15,614
▶ Asset consumption ratio	40.81%	38.75%	37.27%	36.40%	35.38%
▶ Reserves as % of operating expenses (>20%)**	40.17%	34.68%	32.27%	33.31%	33.05%
<b>Financial Indicators</b>					
▶ Sustainability					
▶ financial assets to liabilities	2.5345	2.1349	1.8027	1.6056	1.3997
▶ financial assets to liabilities excluding long term debt	3.4322	3.6482	3.8638	4.0163	3.3864
▶ long term debt to tangible capital assets	11.05%	16.54%	21.42%	26.63%	32.06%
▶ capital reserves to accumulated amortization	53.28%	45.23%	43.03%	47.34%	51.40%
▶ Flexibility					
▶ Debt charges to total operating revenue (<5%)**	3.19%	3.45%	3.62%	3.82%	3.96%
▶ Total operating revenue to taxable assessment	0.80%	0.77%	0.75%	0.73%	0.71%
▶ Working capital to operating expenses (>10%)**	38.95%	33.73%	31.42%	32.53%	32.06%
▶ Vulnerability					
▶ Operating government transfers					
▶ to operating revenue	65.56%	64.60%	64.17%	63.24%	63.77%
▶ Total government transfers					
▶ to total revenues	66.00%	64.83%	64.18%	63.64%	64.45%

### Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of the Corporation of the County of Frontenac are the responsibility of the County's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The County's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

The consolidated financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the County. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the County's consolidated financial statements.



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Kelly Pender,  
Chief Administrative Officer



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Alex Lemieux,  
Director of Corporate Services / Treasurer



## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the County of Frontenac:

### Opinion

We have audited the consolidated financial statements of the Corporation of the County of Frontenac (the 'Entity'), which comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and the notes to the consolidated financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
April 21, 2021.

**County of Frontenac**  
**Consolidated Statement of Financial Position**

December 31	2020	2019
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	12,786,929	8,597,637
Investments	9,034,379	8,395,685
Accounts receivable	2,620,717	2,806,495
	<b>24,442,025</b>	<b>19,799,817</b>
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	5,670,733	3,879,123
Employee future benefit obligations (note 3)	370,031	349,210
Deferred revenues	635,060	291,263
Deferred revenues ▶ obligatory reserve fund (note 4)	445,554	907,758
Long term liabilities (note 5)	2,522,199	3,846,892
	<b>9,643,577</b>	<b>9,274,246</b>
<b>NET FINANCIAL ASSETS</b>	<b>14,798,448</b>	<b>10,525,571</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 14)	22,821,397	23,258,926
Inventories	377,135	180,952
Prepaid expenses	61,430	134,111
	<b>23,259,962</b>	<b>23,573,989</b>
Commitments (note 11) Contingent Liabilities (note 9)		
<b>MUNICIPAL EQUITY</b> (note 6)	<b>38,058,410</b>	<b>34,099,560</b>

The accompanying notes are an integral part of these consolidated financial statements.

**County of Frontenac  
Consolidated Statement of Operations**

For the year ended December 31	(Note 16) Budget	2020	2019
	\$	\$	\$
<b>REVENUES</b>			
Taxation ▶ from other governments	10,883,873	<b>10,855,470</b>	10,354,357
User charges	3,568,107	<b>3,436,036</b>	3,538,501
Government grants ▶ provincial	16,786,426	<b>20,675,545</b>	17,702,995
▶ other municipalities	11,608,704	<b>10,733,106</b>	11,090,845
▶ Federal	174,000	---	87,750
Deferred revenues earned (note 4)	878,884	<b>816,780</b>	819,832
Provincial offences fines penalties	136,321	<b>21,138</b>	129,588
Investment income	140,000	<b>212,231</b>	277,539
Other income	739,206	<b>1,047,077</b>	705,230
<b>TOTAL REVENUES</b>	44,915,521	<b>47,797,383</b>	44,706,637
<b>EXPENDITURES</b>			
General government	3,159,322	<b>4,277,719</b>	3,919,015
Protection to persons and property	10,030	<b>721</b>	4,306
Transportation services	1,083,424	<b>1,161,787</b>	1,165,941
Ambulance services	18,767,674	<b>19,606,806</b>	19,213,836
Health services	782,885	<b>785,970</b>	771,315
Social and family services	15,773,281	<b>15,368,869</b>	13,583,991
Libraries	863,489	<b>874,313</b>	876,292
Social housing	732,503	<b>507,507</b>	767,106
Planning and development	1,045,611	<b>993,520</b>	1,122,699
Other	953,245	<b>887,455</b>	1,181,850
<b>TOTAL EXPENDITURES</b>	43,171,464	<b>44,464,667</b>	42,606,351
<b>NET REVENUES FROM OPERATIONS</b>	1,744,057	<b>3,332,716</b>	2,100,286
<b>OTHER</b>			
Grants and transfers related to capital			
Other municipalities	248,040	<b>153,516</b>	130,491
Deferred revenue (note 4)	406,000	<b>472,618</b>	164,587
	654,040	<b>626,134</b>	295,078
<b>ANNUAL SURPLUS</b>	2,398,097	<b>3,958,850</b>	2,395,364
<b>MUNICIPAL EQUITY, BEGINNING OF YEAR</b>	34,099,560	<b>34,099,560</b>	31,704,196
<b>MUNICIPAL EQUITY, END OF YEAR</b>	36,497,657	<b>38,058,410</b>	34,099,560

The accompanying notes are an integral part of these consolidated financial statements.

**County of Frontenac**

**Consolidated Statement of Changes in Net Financial Assets**

For the year ended December 31	(Note 16) Budget	2020	2019
	\$	\$	\$
<b>ANNUAL SURPLUS</b>	2,398,097	<b>3,958,850</b>	2,395,364
Amortization of tangible capital assets	1,832,291	<b>1,742,193</b>	1,700,642
Acquisition of tangible capital assets	(1,559,429)	<b>(1,331,330)</b>	(1,224,545)
(Loss) gain on sale of tangible capital assets	---	<b>(23,706)</b>	16,741
Proceeds on sale of tangible capital assets	---	<b>50,372</b>	20,300
(Acquisition) disposal of inventories of supplies	---	<b>(196,183)</b>	34,391
Acquisition (disposal) of prepaid expenses	---	<b>72,681</b>	(81,476)
	272,862	<b>314,027</b>	466,053
<b>INCREASE IN NET FINANCIAL ASSETS</b>	2,670,959	<b>4,272,877</b>	2,861,417
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	10,525,571	<b>10,525,571</b>	7,664,154
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	13,196,530	<b>14,798,448</b>	10,525,571

The accompanying notes are an integral part of these consolidated financial statements.

**County of Frontenac  
Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Annual surplus for the year	<b>3,958,850</b>	2,395,364
Amortization	<b>1,742,193</b>	1,700,642
(Loss) gain on disposal of capital assets	<b>(23,706)</b>	16,740
	<b>5,677,337</b>	4,112,746
<b>Net Change in Non-Cash Working Capital Balances</b>		
Accounts receivable	<b>185,778</b>	(488,264)
Accounts payable and accrued liabilities	<b>1,791,610</b>	142,213
Employee future benefit obligations	<b>20,821</b>	24,751
Deferred revenues	<b>343,797</b>	107,906
Deferred revenues ▶ obligatory reserve funds	<b>(462,204)</b>	697,879
Inventories	<b>(196,183)</b>	34,391
Prepaid expenses	<b>72,681</b>	(81,475)
	<b>1,756,300</b>	437,401
<b>Working Capital from Operations</b>	<b>7,433,637</b>	4,550,147
<b>INVESTING ACTIVITIES</b>		
Net increase in short term investments	<b>(638,694)</b>	(240,954)
<b>Net increase in investments</b>	<b>(638,694)</b>	(240,954)
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	<b>(1,331,330)</b>	(1,224,545)
Proceeds on sale of tangible capital assets	<b>50,372</b>	20,300
<b>Net investment in tangible capital assets</b>	<b>(1,280,958)</b>	(1,204,245)
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	<b>(1,324,693)</b>	(1,246,176)
<b>Net decrease in cash from financing activities</b>	<b>(1,324,693)</b>	(1,246,176)
<b>NET INCREASE IN CASH</b>	<b>4,189,292</b>	1,858,772
<b>CASH, BEGINNING OF YEAR</b>	<b>8,597,637</b>	6,738,865
<b>CASH, END OF YEAR</b>	<b>12,786,929</b>	8,597,637

The accompanying notes are an integral part of these consolidated financial statements.

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# County of Frontenac

## Notes to the Consolidated Financial Statements

**December 31, 2020**

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### 1. Status of the County of Frontenac

The County of Frontenac (the 'County') was incorporated in 1865 and assumed its responsibilities under the authority of the Provincial Secretary. The County operates as an upper tier government in the County of Frontenac, in the Province of Ontario, Canada and provides municipal services such as emergency measures, public health services, ambulance services, social and family assistance, planning and development and other general government operations.

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### 2. Significant Accounting Policies

The consolidated financial statements of the Corporation of the County of Frontenac are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the County are as follows:

#### **Basis of Consolidation**

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the County. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- ▶ Fairmount Home for the Aged

- (ii) Non-consolidated entities:

Kingston, Frontenac and Lennox and Addington Public Health is not consolidated and only the contributions by the County are reported on the Consolidated Statement of Operations

The Kingston-Frontenac Public Library Board is not consolidated and only the contributions by the County are reported on the Consolidated Statement of Operations.

#### **Basis of Accounting**

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.
- (iii) Trust funds and their related operations administered by the County are not included in these financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

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**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

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**2. Significant Accounting Policies / continued**

**Basis of Accounting / continued**

**Tangible Capital Assets**

Tangible capital assets are recorded at historical cost or where historical cost records were not available, other methods determined to provide a best estimate of historical cost and accumulated amortization of the assets. In certain cases the County used replacement costs and appropriate indices to deflate the replacement cost to an estimated historical cost at the year of acquisition. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Land	
Land Improvements	10 - 30 years
Buildings	10 - 50 years
Vehicles	4.5 - 10 years
Machinery and Equipment	3 to 30 years
Bridges	16 to 50 years
Work in Progress	

Amortization is charged for the months in use. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal.

When conditions indicate that a tangible capital asset no longer contributes to the County's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

**Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

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**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

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**2. Significant Accounting Policies / continued**

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

**Pension and Employee Benefits**

The County accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

**Cash and Cash Equivalents**

The County considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

**Government Transfers**

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

**Deferred Revenues**

The County defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The County receives restricted contributions under the authority of Federal and Provincial legislation and County by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the County has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

**Investments**

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on available current funds and reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

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**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

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**2. Significant Accounting Policies / continued**

**Financial Instruments**

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The County has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The County classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

**Measurement Uncertainty**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

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**3. Employee Future Benefit Obligations**

Extended health care and dental:

The County provides extended health care and dental to employees who meet specific criteria within the Fairmount Home and Paramedic Services. Extended health care and dental benefits continue to be available to early retirees at 100% of their cost up to the age of 60, then between the age of 60 and 65, the retiree will generally be responsible for paying 50% of the benefit premiums.

Retirement Benefits

An independent actuarial study of the employee non-pension retirement benefits has been undertaken. The most recent valuation of the employee future benefits was completed at December 31, 2018.

The accrued benefit obligations relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2020, based on actuarial update, the accrued benefit obligation was \$370,031 (2019 \$349,210).

**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

**3. Employee Future Benefit Obligations / continued**

The significant actuarial assumptions adopted in estimating the County's accrued benefit obligation are as follows:

Discount rate	4.00% per annum
Inflation rate	1.75% per annum
Salary escalation	2.75% per annum
Dental benefits escalation	3.75% per annum
Health benefits escalation	6.42% per annum

Employee benefit obligations are comprised of:

	2020	2019
	\$	\$
Opening balance	<b>349,210</b>	324,459
Expense recognized for the year	<b>18,748</b>	17,672
Interest cost	<b>14,500</b>	13,608
Benefit payments	<b>(12,460)</b>	(6,562)
Amortization of actuarial losses	<b>33</b>	33
Accrued benefit obligation, end of year	<b>370,031</b>	349,210

**4. Deferred Revenues**

A requirement of public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The transactions for the year are summarized as follows:

	2020	2019
	\$	\$
Federal Gas Tax ▶ January 1, 2020	<b>907,758</b>	209,879
Federal grant ▶ gasoline tax	<b>809,280</b>	1,664,994
Investment income	<b>17,914</b>	17,304
Transfer to operating fund	<b>(1,289,398)</b>	(984,419)
Federal Gas Tax ▶ December 31, 2020	<b>445,554</b>	907,758

**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

**5. Long Term Liabilities**

- (a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2020	2019
	\$	\$
Debenture issue	2,522,199	3,846,892
Net long term liabilities at the end of the year	2,522,199	3,846,892

A debenture was issued on September 12, 2002 maturing September 12, 2022, to finance a building project at Fairmount Home for the Aged. The debenture has an interest rate of 6.157% with principal repayments commencing on September 12, 2003. Debt repayment costs will be recovered from future revenue. The City of Kingston's share of the debt repayment was established through a Mediated Settlement dated August 7, 2002 and is based on 50% of the repayments related to the 32 new beds and 74% of the repayments related to the 96 existing beds.

- (b) Principal payments fall due as follows:

	General Revenues
	\$
2021	1,408,157
2022	1,114,042
	2,522,199

- (c) Interest expense on long term liabilities in 2020 amounted to \$202,352 (2019 \$281,306).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

**6. Municipal Equity**

	2020	2019
	\$	\$
Investment in tangible capital assets		
Tangible capital assets	22,821,397	23,258,926
Long term liabilities	(2,522,199)	(3,846,892)
	<b>20,299,198</b>	19,412,034
Unfunded Future Employee Liabilities	(103,591)	(89,643)
Reserves (Schedule 1)	16,790,549	13,609,546
Reserve Funds (Schedule 1)	1,072,254	1,167,623
<b>Total Municipal Equity</b>	<b>38,058,410</b>	34,099,560

**7. Pension Contributions**

The County makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the County does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was \$1,794,638 (2019 \$1,765,878) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

**8. Trust Funds**

Trust funds administered by the County amounting to \$11,999 (2019 \$11,034) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position or financial activities.

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**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

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**9. Contingent Liabilities**

- (a) The County is contingently liable for its share of any operating deficit of the Kingston-Frontenac Public Library Board, which is approximately 13% of the accumulated balance as at the end of the year for the Board. The County's share of the accumulated operating surplus is \$74,758 (2019 \$12,394).
- (b) The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2020, management believes that the County has valid defences and adequate insurance coverages in place.

In the event any claims are successful, management believes that such claims are not expected to have a material effect on the County's financial position.

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**10. Contributions to Joint Boards**

- (a) The assets and liabilities of the Kingston-Frontenac Public Library Board have not been consolidated. The County contributions to the Library Board for 2020 are \$874,313 (2019 \$876,291) and are reported on the Consolidated Statement of Operations.
  - (b) The assets and liabilities of the Kingston-Frontenac and Lennox and Addington Health Board have not been consolidated. The County made the following contributions to the Kingston, Frontenac and Lennox and Addington Health Board for 2020 \$785,970 (2019 \$771,315).
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**11. Commitments**

- (a) The County leases premises under long term operating lease agreements with terms as follows:
  - (i) \$29,226 per annum plus HST to February 28, 2021, adjusted annually for additional rent and realty taxes through February 28, 2026;
  - (ii) \$44,772 per annum plus HST to December 31, 2020 adjusted annually for a 2% increase per annum through December 2029;
  - (iii) \$74,400 per annum plus HST to September 31, 2021; adjusted annually for additional rent through September 30, 2024;
  - (iv) \$4,000 per annum plus HST first five year term to 2015 and the following 15 years \$4,000 plus CPI escalator, plus HST;
- (b) In 2018, the County pledged \$55,061 annually for 10 years to the University Hospitals Kingston Foundation, a joint fund raising appeal undertaken by the Foundation on behalf of local hospitals. The County has recognized \$165,183 for three of 10 payments, as of December 31, 2020 (2019 \$110,122).

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**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

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**11. Commitments** / continued

- (c) In 2012, the Kingston Frontenac Housing Corporation entered into an agreement with the City of Kingston to pay \$12,500 per year beginning in 2012 to provide for a new septic system at the social housing site in Verona. Through the cost sharing agreement with the City of Kingston the County of Frontenac is obligated for 100% of the costs of the social housing units in the County, including this annual repayment.
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**12. Cost Sharing Allocations**

The Local Service Realignment sets out formulae under which the costs for Social Services, Child Care, Social Housing, Provincial Offences and Land Ambulance are shared between the County of Frontenac and the City of Kingston. A new cost sharing arrangement was derived for the period of 2004 to 2006 through an arbitrated settlement and continued on a year to year basis. Program costs for Social Services and Child Care are distributed on the basis of caseload and Social Housing costs are allocated by the location of the unit. The administrative costs for these services are allocated on the basis of weighted assessment. The cost of Land Ambulance and the net revenue of Provincial Offences are distributed on the basis of weighted assessment.

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**13. Risk Management**

In the normal course of operations, the County is exposed to a variety of financial risks which are actively managed by the County.

The County's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The County's exposure to and management of risk has not changed materially from December 31, 2019.

**Credit Risk**

Credit risk arises from the possibility that the entities to which the County provides services to may experience difficulty and be unable to fulfill their obligations. The County is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The County does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

**Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The County is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents. Changes in variable interest rates could cause unanticipated fluctuations in the County's operating results.

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**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

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**13. Risk Management / continued**

**Liquidity Risk**

Liquidity risk is the risk that the County will not be able to meet its obligations as they fall due. The County requires working capital to meet day-to-day operating activities. Management expects that the County's cash flows from operating activities will be sufficient to meet these requirements.

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**14. Tangible Capital Assets**

	2020	2019
	\$	\$
Land	1,031,465	1,031,147
Land Improvements	2,749,196	2,309,210
Buildings	14,631,552	15,110,002
Vehicles	1,291,758	1,393,313
Machinery and Equipment	2,341,678	2,682,200
Bridges	755,198	718,492
Work in Progress	20,550	14,562
	<b>22,821,397</b>	<b>23,258,926</b>

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For additional information, see Schedule 2 ▶ Tangible Capital Assets.

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**15. Segmented Information**

The County is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of operations.

Departments have been separately disclosed in the segmented information, along with the service they provide, as set out in the schedule below.

For each reported segment, expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

**15. Segmented Information / continued**

2020	Salaries, Wages & Employee Benefits	Rents and Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
<b>General Government</b>						
Administration	1,427,541	7,008	1,357,666	1,155,216	330,288	4,277,719
<b>Protection to Persons and Property</b>	---	---	721	---	---	721
<b>Transportation</b>	1,001,092	---	151,429	---	9,266	1,161,787
<b>Health Services</b>						
Public Health Services	---	---	785,970	---	---	785,970
Ambulance	16,056,205	212,507	2,528,309	---	809,785	19,606,806
<b>Social and Family Assistance</b>						
General Assistance	---	---	887,455	---	---	887,455
Assistance to Aged Persons	11,933,740	204,915	2,643,856	---	586,358	15,368,869
Social Housing	---	---	507,507	---	---	507,507
<b>Recreation and Cultural Services</b>						
Libraries	---	---	874,313	---	---	874,313
<b>Planning and Development</b>	682,410	---	304,614	---	6,496	993,520
<b>2020</b>	31,100,988	424,430	10,041,840	1,155,216	1,742,193	44,464,667

**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

December 31, 2020

**15. Segmented Information** / continued

2019	Salaries, Wages & Employee Benefits	Rents and Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
<b>General Government</b>						
Administration	1,344,519	6,489	1,272,317	954,011	341,679	3,919,015
<b>Protection to Persons and Property</b>	---	---	4,306	---	---	4,306
<b>Transportation</b>	1,035,233	---	121,875	---	8,832	1,165,940
<b>Health Services</b>						
Public Health Services	---	---	771,315	---	---	771,315
Ambulance	15,182,080	213,835	3,046,665	---	771,256	19,213,836
<b>Social and Family Assistance</b>						
General Assistance	---	---	1,181,850	---	---	1,181,850
Assistance to Aged Persons	10,301,584	281,306	2,433,365	---	567,736	13,583,991
Social Housing	---	---	767,106	---	---	767,106
<b>Recreation and Cultural Services</b>						
Libraries	---	---	876,292	---	---	876,292
<b>Planning and Development</b>	442,870	---	668,690	---	11,139	1,122,699
<b>2019</b>	28,306,286	501,630	11,143,781	954,011	1,700,642	42,606,350

**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

**16. Budget Figures**

The 2020 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Consolidated Statement of Operations. The revenues attributable to these items continue to be included in the Consolidated Statement of Operations, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements:

	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Total Revenues	44,915,521	47,797,383
Total Expenses	(43,171,464)	(44,464,667)
Net Revenues	1,744,057	3,332,716
Amortization	1,832,291	1,742,193
Adjusted Net Revenues	3,576,348	5,074,909
Capital Revenues	654,040	626,134
Funds Available	4,230,388	5,701,043
Capital Expenditures	(1,559,429)	(1,331,330)
Disposal of Tangible Capital Assets	---	26,668
Principal Repayments	(1,324,693)	(1,324,693)
Unfunded Expense	---	13,946
Increase in Operating Surplus	1,346,266	3,085,634
<b>Allocated as Follows:</b>		
Net Transfers from reserves	1,346,266	3,085,634

**17. Impact of COVID-19**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ('COVID-19') as a pandemic. This resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus.

The pandemic has had significant operational and financial impacts including service reductions, declines in associated user fee revenues and additional costs. While impacts have been mitigated by associated funding and other cost saving measures, the pandemic has created uncertainty over current and future year operations and the financial position of the Municipality.

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**County of Frontenac**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

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**17. Impact of COVID-19 / continued**

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of the Municipality in future periods. The Municipality continues to closely monitor and assess the impact on its operations. It is management's assessment that the Municipality will have sufficient resources to mitigate the potential losses in 2021 as a result of COVID-19.

The Province of Ontario provided temporary pandemic pay to frontline workers between April 24 – August 13, 2020. This consisted of \$4.00 / hour to existing regular wages and lump sum payments of \$250 per month for employees who worked over 100 hours per month. The County of Frontenac received \$460,382 for this initiative for Fairmount Home and \$634,200 for Frontenac Paramedic Services. The County paid \$410,664 to Fairmount Home front line workers and \$368,572 to Paramedic frontline workers. At December 31, 2020, the County of Frontenac is showing revenue of \$779,236 to offset the premiums paid and has a balance owing to the Province of Ontario of \$315,346.

The County of Frontenac was provided \$389,988 in one-time funding for the 2020 calendar year to support paramedic services and dispatch centres as part of the COVID-19 response in the emergency health services sector. This funding covers COVID-19 related expenses from March 1, 2020 – December 31, 2020. At year end, the County has incurred offsetting COVID-19 expenses of \$384,943 and has \$5,045 in deferred revenue. This amount will offset costs incurred January 1, 2021 – March 31, 2021.

In 2020, the County has received COVID-19 Prevention and Containment Funding Allocations from the Ministry of Long Term Care totaling \$435,000. These funds were aimed at protecting the health and well-being of residents and staff in long term care homes to prevent and contain the spread of COVID-19. These funds were fully utilized during the year to offset additional pandemic related supplies and equipment purchases and staffing challenges related to the pandemic.

The County of Frontenac received \$1,187,600 from the Ontario government, as Phase 1 of the Federal-Provincial Safe Restart Agreement, to support COVID-19 operating costs and measures. The funding agreement stipulates that funds not used by December 31, 2020 to offset COVID-19 operating costs and measures be transferred to reserves for use during 2021. As of December 31, 2020, the County of Frontenac has transferred \$1,051,984 to reserves.

In December 2020, the County of Frontenac received \$238,000 in funds from the Ontario government as part of the Safe Restart Agreement, to help municipalities manage the financial impacts of COVID-19 for 2021. At year end the County has recorded the entire \$238,000 as deferred revenue.

In 2020, the County of Frontenac received funding of \$82,512 from the Ministry of Long Term Care for eligible IPAC minor capital purchases that address COVID-19 related pressures. These funds are to support long term care homes in completing urgent minor capital upgrades and improvement directly linked to improved IPAC practices for the safety of their residents, staff and families. As of December 31, 2020, the County has spent \$47,268 of this funding and will be carrying forward \$35,244 into 2021. As of March 31, 2021, the County will be carrying forward \$10,770 into the Ministry of Long Term Care's funding year 2021 – 2022.

**County of Frontenac**

**Schedule 1 ► Continuity of Reserves and Reserve Funds**

For the year ended December 31	(Note 16) Budget	2020	2019
	\$	\$	\$
<b>Revenues</b>			
Investment income	---	58,310	85,685
<b>Total Net Revenues</b>	---	58,310	85,685
<b>Net Transfers From / (To) Other Funds</b>			
Transfers from operations	---	1,334,323	1,120,658
Transfers to capital acquisitions	1,346,266	1,693,001	468,935
<b>Total Net Transfers</b>	1,346,266	3,027,324	1,589,593
<b>Balances, Change in Year</b>	1,346,266	3,085,634	1,675,278
<b>Balances, Beginning of Year</b>	14,777,169	14,777,169	13,101,891
<b>Reserves and Reserve Fund Balances, End of Year</b>	16,123,435	17,862,803	14,777,169

The accompany notes are an integral part of these consolidated financial statements.

**County of Frontenac**

**Schedule 1 ▶ Composition of Reserves and Reserve Funds**

<b>For the year ended December 31</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Reserves set aside for specific purposes by Council:</b>		
Operating		
County of Frontenac ▶ working fund	1,220,798	1,220,798
▶ operating	23,302	9,302
▶ WSIB	61,866	16,892
Frontenac Paramedic Service ▶ Severance	297,456	263,107
▶ WSIB	2,002,248	1,558,207
Fairmount Home ▶ operating	145,064	115,120
▶ severance	111,401	80,615
Sustainability	220,020	190,044
Community development reserve	16,095	34,241
Safe Restart	1,051,984	---
Asset Replacement		
Capital replacement	4,077,437	2,764,793
Ontarians with Disabilities	117,354	110,000
Fairmount Home ▶ capital replacement	940,230	910,647
Fairmount Home ▶ capital reserve fund *	865,394	970,183
Frontenac Paramedic Service ▶ vehicle replacement	740,746	592,117
▶ equipment replacement	1,643,015	1,307,123
External Agency Reserves		
Library reserve	237,070	185,590
Social housing ▶ Out of Scope	287,686	262,686
Strategic Regional Reserves		
Strategic projects reserve	1,811,141	2,252,601
Stabilization Reserves		
County of Frontenac	1,779,353	1,662,623
Legally Restricted		
Frontenac Howe Islander Ferry Reserve	---	49,269
Donations *	163,584	155,572
Pathways *	43,277	41,868
Frontenac Howe Island Ferry WSIB	6,282	23,771
<b>Total Reserves and Reserve Funds</b>	<b>17,862,803</b>	<b>14,777,169</b>
<b>Reserves</b>	<b>16,790,549</b>	<b>13,609,546</b>
<b>Reserve Funds *</b>	<b>1,072,254</b>	<b>1,167,623</b>
<b>Total Reserves and Reserve Funds</b>	<b>17,862,803</b>	<b>14,777,169</b>

The accompany notes are an integral part of these consolidated financial statements.

**County of Frontenac**  
**Schedule 2 ► 2020 Tangible Capital Assets**

Asset Class	Cost 01/01/20	Additions	(Disposals)	Cost 31/12/20
	\$	\$	\$	\$
Land	1,031,147	318	---	1,031,465
Land Improvements	3,430,959	650,375	---	4,081,334
Buildings	22,337,370	---	---	22,337,370
Vehicles	3,269,617	409,891	(586,594)	3,092,914
Machinery & Equipment	7,091,808	214,566	(161,045)	7,145,329
Bridges	797,779	50,192	---	847,971
Work in Progress	14,562	5,988	---	20,550
	37,973,242	1,331,330	(747,639)	38,556,933

Asset Class	Accumulated Amortization 01/01/20	Amortization	(Disposals)	Accumulated Amortization 31/12/20	Net Book Value 31/12/20
	\$	\$	\$	\$	\$
Land	---	---	---	---	1,031,465
Land Improvements	1,121,749	210,389	---	1,332,138	2,749,196
Buildings	7,227,368	478,450	---	7,705,818	14,631,552
Vehicles	1,876,304	487,446	(562,594)	1,801,156	1,291,758
Machinery & Equipment	4,409,608	552,422	(158,379)	4,803,651	2,341,678
Bridges	79,287	13,486	---	92,773	755,198
Work in Progress	---	---	---	---	20,550
	14,714,316	1,742,193	(720,973)	15,735,536	22,821,397

The accompany notes are an integral part of these consolidated financial statements.

**County of Frontenac**  
**Schedule 2 ► 2019 Tangible Capital Assets**

Asset Class	Cost 01/01/19	Additions	(Disposals)	Cost 31/12/19
	\$	\$	\$	\$
Land	996,411	34,736	---	1,031,147
Land Improvements	3,202,622	228,337	---	3,430,959
Buildings	22,120,650	216,720	---	22,337,370
Vehicles	3,266,100	522,415	(518,898)	3,269,617
Machinery & Equipment	7,448,502	270,659	(627,353)	7,091,808
Bridges	797,779	---	---	797,779
Work in Progress	62,883	14,562	(62,883)	14,562
	37,894,947	1,287,429	(1,209,134)	37,973,242

Asset Class	Accumulated Amortization 01/01/19	Amortization	(Disposals)	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$
Land	---	---	---	---	1,031,147
Land Improvements	926,833	194,916	---	1,121,749	2,309,210
Buildings	6,751,508	475,860	---	7,227,368	15,110,002
Vehicles	1,921,012	450,822	(495,530)	1,876,304	1,393,313
Machinery & Equipment	4,457,562	565,727	(613,681)	4,409,608	2,682,200
Bridges	65,969	13,318	---	79,287	718,492
Work in Progress	---	---	---	---	14,562
	14,122,884	1,700,643	(1,109,211)	14,714,316	23,258,926

The accompany notes are an integral part of these consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the County of Frontenac:

### Opinion

We have audited the statement of financial statements of the trust fund of the Corporation of the County of Frontenac (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of financial activities for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its financial activities for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
April 21, 2021.

**County of Frontenac  
Trust Funds  
Statement of Financial Position**

<b>December 31</b>	Fairmount Home Residents'	Bridget Fowler	<b>2020</b>	2019
	\$	\$	\$	\$
<b>ASSETS</b>				
Cash	6,885	5,114	<b>11,999</b>	11,033
<b>FUND BALANCES</b>	6,885	5,114	<b>11,999</b>	11,033

**Statement of Financial Activities**

<b>For the year ended December 31</b>	Fairmount Home Residents'	Bridget Fowler	<b>2020</b>	2019
	\$	\$	\$	\$
<b>REVENUES</b>				
Residents' deposits	8,576	---	<b>8,576</b>	16,175
Interest	---	500	<b>500</b>	532
	8,576	500	<b>9,076</b>	16,707
<b>EXPENDITURES</b>				
Residents' withdrawals	8,110	---	<b>8,110</b>	15,653
Payments	---	---	---	300
	8,110	---	<b>8,110</b>	15,953
<b>NET REVENUES FOR THE YEAR</b>	466	500	<b>966</b>	754
<b>BALANCE AT THE BEGINNING OF THE YEAR</b>	6,419	4,614	<b>11,033</b>	10,279
<b>BALANCE AT THE END OF THE YEAR</b>	6,885	5,114	<b>11,999</b>	11,033

The accompanying notes are an integral part of these financial statements.

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**County of Frontenac  
Trust Funds  
Notes to the Financial Statements**

**December 31, 2020**

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**1. Significant Accounting Policies**

**Reporting Entity**

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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